

## Message Text

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70

ACTION EB-11

INFO OCT-01 ARA-16 EUR-25 EA-11 ISO-00 TRSE-00 COME-00

AID-20 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00

NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20 USIA-15 DRC-01

/159 W

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R 091737Z JUL 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 3698

INFO AMEMBASSY SANTIAGO

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY STOCKHOLM

AMEMBASSY BERN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY TOKYO

C O N F I D E N T I A L BONN 10888

E.O. 11652: GDS

TAGS: EFIN, CI, GW

SUBJECT: FRG-CHILE DEBT RESCHEDULING AGREEMENT

REF: (A) STATE 132728 (B) STATE 140384

1. WE BRIEFED GEHRING OF THE FRG ECONOMICS MINISTRY ON THE DETAILS OF THE USG-GOC DEBT RESCHEDULING AGREEMENT, PER REFTEL (A). GEHRING EXPRESSED INTEREST IN THE REVISION OF INTEREST RATE CLAUSE ASKING RHETORICALLY IF THE USG WAS PREPARED TO REDUCE THE INTEREST RATE IF OTHER CREDITORS AGREED TO A LOWER RATE.

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2. GEHRING TOLD US THE FRG AND CHILE REACHED AGREEMENT

ON JULY 5 ON THEIR BILATERAL DEBT. THE AGREEMENT IS SCHEDULED TO BE SIGNED BY FRG FOREIGN OFFICE ASSISTANT SECRETARY FOR ECONOMIC AFFAIRS, HERMES, AND RAUL SAEZ FOR CHILE ON JULY 17 IN BONN. ONCE SIGNED, THE AGREEMENT WILL COME INTO FORCE IMMEDIATELY, WITHOUT ANY PARLIAMENTARY ACTION REQUIRED.

3. AS AGREED, CHILE WILL PAY 3 PERCENT INTEREST ON THE DM 58 MILLION CAPITAL AID PORTION AND 7.25 PERCENT ON THE DM 100 MILLION COMMERCIAL PORTION. GEHRING SAID THE WEIGHTED AVERAGE INTEREST RATE IS 5.5 PERCENT. THE FIRST 5 PERCENT CASH PAYMENT IS DUE IMMEDIATELY (JUNE 30, 1974) WITH THE SECOND 5 PERCENT DUE JUNE 30, 1975 AND THE 10 PERCENT PAYMENT DUE JUNE 30, 1976. GEHRING SAID THE CHILEANS HAD REQUESTED A SIX PERCENT INTEREST RATE ON THE COMMERCIAL PORTION WITH THE FIRST PAYMENT FALLING DUE IN DECEMBER WHILE THE OPENING FRG POSITION WAS FOR A 7.5 PERCENT INTEREST RATE.

4. IN SIDE COMMENTS, GEHRING SAID THE FRG DOES NOT PLAN TO RELEASE ANY STATEMENT ACKNOWLEDGING THE EXISTENCE OF OR DETAILS CONCERNING THIS AGREEMENT TO THE PRESS. THE FRG DECIDED AGAINST NEGOTIATING IN SANTIAGO SINCE THE FRG WOULD HAVE NO CONTROL OVER PRESS COVERAGE AND THE FRG PRESENCE MIGHT HAVE BEEN USED FOR PROPAGANDA PURPOSES BY THE CHILEAN JUNTA. HE INDICATED THE FRG HOPED TO COMPLETE THE ENTIRE PROCESS WITHOUT CREATING ANY POLITICAL FUSS. HE SAID HE WAS SURPRISED TO LEARN THAT THE FRENCH PLAN TO SIGN IN SANTIAGO, CASH

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## Message Attributes

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